



Allegheny Technologies Incorporated

1000 Six PPG Place
Pittsburgh, PA 15222-5479 U.S.A.
Tel: 412-394-2800
Fax: 412-394-2837
www.ATImetals.com

July 31, 2014

Via FedEx

Shawn M. Garvin
Regional Administrator
US EPA, Region III (3RA00)
1650 Arch Street
Philadelphia, PA 19103-2029

Re: Avionics Specialties, Inc. Facility, Earlysville, VA ("Site")

Dear Madam:

I am the Chief Financial Officer of Allegheny Technologies Incorporated, 1000 Six PPG Place, Pittsburgh, PA 15222, ultimate parent company of TDY Industries, LLC ("Guarantor").

This letter is in support of this firm's use of the financial test, as set forth below, to demonstrate financial assurance for the Cost Estimate as set forth in the EPA-approved RFI/CMS Work Plan ("RFI/CMS Cost Estimate") pursuant to the Administrative Order on Consent dated March 26, 2012 (RCRA-03-2011-0103-TH) ("Consent Order"). This firm guarantees TDY Industries, LLC's performance of its RFI and CMS obligations under the Consent Order.

The Current RFI/CMS Cost Estimate for the Site is \$738,527.

Financial Test of Guarantor

1.	Sum of current RFI/CMS Cost Estimate and any other environmental obligations assured by a financial test		\$ 11,816,992
* 2.	Total liabilities	a	\$3,903,800,000
* 3.	Tangible net worth	a b	\$2,114,000,000
* 4.	Net worth	a	\$2,994,700,000

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* 5.	Current assets	a	\$2,950,800,000
* 6.	Current liabilities	a	\$1,211,000,000
7.	Net working capital	a	\$1,739,800,000
* 8.	Sum of net income + depreciation, depletion and amortization	a	\$ 351,500,000
* 9.	Total assets in U.S.	a	\$6,145,400,000
10.	Is line 3 at least \$10 million?		<u>Yes</u>
11.	Is line 9 minus line 1 at least \$10 million?		<u>Yes</u>
12.	Is line 5 divided by line 6 greater than 1.5?		<u>Yes</u>

This firm is required to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year. The fiscal year of this firm ends on December 31. The figures for the items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year ended 2013 as filed on Form 10-K in February 2014.

Sincerely,



Patrick J. DeCourcy
Chief Financial Officer

cc: Donna McCartney (Via Email)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2013

OR

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 1-12001

ALLEGHENY TECHNOLOGIES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

25-1792394

(I.R.S. Employer
Identification Number)

1000 Six PPG Place, Pittsburgh, Pennsylvania

(Address of principal executive offices)

15222-5479

(Zip Code)

Registrant's telephone number, including area code: (412) 394-2800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, \$0.10 Par Value

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant is well known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On February 14, 2014, the Registrant had outstanding 107,946,809 shares of its Common Stock.

The aggregate market value of the Registrant's voting stock held by non-affiliates at June 30, 2013 was approximately \$2.8 billion, based on the closing price per share of Common Stock on June 28, 2013 of \$26.31 as reported on the New York Stock Exchange. Shares of Common Stock known by the Registrant to be beneficially owned by directors and officers of the Registrant subject to the reporting and other requirements of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are not included in the computation. The Registrant, however, has made no determination that such persons are "affiliates" within the meaning of Rule 12b-2 under the Exchange Act.

Documents Incorporated By Reference

Selected portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 1, 2014 are incorporated by reference into Part III of this Report.

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Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Allegheny Technologies Incorporated and Subsidiaries

We have audited the accompanying consolidated balance sheets of Allegheny Technologies Incorporated and Subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, cash flows, and changes in equity for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Allegheny Technologies Incorporated and Subsidiaries at December 31, 2013 and 2012, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Allegheny Technologies Incorporated and Subsidiaries' internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 27, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania

February 27, 2014

Allegheny Technologies Incorporated and Subsidiaries
Consolidated Statements of Income

(In millions, except per share amounts)

For the Years Ended December 31,	2013	2012	2011
Sales	\$ 4,043.5	\$ 4,666.9	\$ 4,812.3
Costs and expenses:			
Cost of sales	3,790.9	4,041.4	4,075.5
Selling and administrative expenses	276.4	321.6	323.0
Restructuring costs	67.5	—	—
Income (loss) before interest, other income and income taxes	(91.3)	303.9	413.8
Interest expense, net	(65.2)	(71.6)	(92.3)
Other income, net	1.7	—	0.6
Income (loss) from continuing operations before income taxes	(154.8)	232.3	322.1
Income tax provision (benefit)	(63.6)	72.4	110.4
Income (loss) from continuing operations	(91.2)	159.9	211.7
Income from discontinued operations, net of tax	252.8	7.9	11.4
Net income	161.6	167.8	223.1
Less: Net income attributable to noncontrolling interests	7.6	9.4	8.8
Net income attributable to ATI	\$ 154.0	\$ 158.4	\$ 214.3

Basic net income (loss) per common share

Continuing operations attributable to ATI per common share	\$ (0.93)	\$ 1.42	\$ 1.98
Discontinued operations attributable to ATI per common share	2.37	0.07	0.11
Basic net income attributable to ATI per common share	\$ 1.44	\$ 1.49	\$ 2.09

Diluted net income (loss) per common share

Continuing operations attributable to ATI per common share	\$ (0.93)	\$ 1.36	\$ 1.87
Discontinued operations attributable to ATI per common share	2.37	0.07	0.10
Diluted net income attributable to ATI per common share	\$ 1.44	\$ 1.43	\$ 1.97

Amounts attributable to ATI common stockholders

Income (loss) from continuing operations, net of tax	\$ (98.8)	\$ 150.5	\$ 202.9
Income from discontinued operations, net of tax	252.8	7.9	11.4
Net income	\$ 154.0	\$ 158.4	\$ 214.3

The accompanying notes are an integral part of these statements.

Allegheny Technologies Incorporated and Subsidiaries
Consolidated Statements of Comprehensive Income

(In millions)

For the Years Ended December 31,	2013	2012	2011
Net income	\$ 161.6	\$ 167.8	\$ 223.1
Currency translation adjustment			
Unrealized net change arising during the period	13.8	14.3	2.7
Reclassification adjustment included in net income	1.5	—	—
Total	15.3	14.3	2.7
Unrealized holding gain (loss) on securities			
Net gain (loss) arising during the period	0.1	—	(0.1)
Derivatives			
Net derivatives loss on hedge transactions	(25.2)	(9.8)	(19.4)
Reclassification to net income of net realized loss	14.0	5.2	25.5
Income taxes on derivative transactions	(4.3)	(1.8)	2.3
Total	(6.9)	(2.8)	3.8
Postretirement benefit plans			
Actuarial loss			
Amortization of net actuarial loss	129.0	119.8	81.2
Net gain (loss) arising during the period	384.9	(272.7)	(516.3)
Prior service cost			
Amortization to net income of net prior service credits	(15.2)	(11.8)	(7.0)
Income taxes on postretirement benefit plans	187.6	(67.3)	(165.0)
Total	311.1	(97.4)	(277.1)
Other comprehensive income (loss), net of tax	319.6	(85.9)	(270.7)
Comprehensive income (loss)	481.2	81.9	(47.6)
Less: Comprehensive income attributable to noncontrolling interests	11.0	11.3	14.6
Comprehensive income (loss) attributable to ATI	\$ 470.2	\$ 70.6	\$ (62.2)

The accompanying notes are an integral part of these statements.

Allegheny Technologies Incorporated and Subsidiaries
Consolidated Balance Sheets

	December 31, 2013	December 31, 2012
<i>(In millions, except share and per share amounts)</i>		
Assets		
Cash and cash equivalents	\$ 1,026.8	\$ 304.6
Accounts receivable, net	528.2	613.3
Inventories, net	1,322.1	1,536.6
Prepaid expenses and other current assets	67.6	56.1
Current assets of discontinued operations	6.1	—
Total Current Assets	2,950.8	2,510.6
Property, plant and equipment, net	2,874.1	2,559.9
Cost in excess of net assets acquired	727.9	740.1
Deferred income taxes	—	71.5
Other assets	342.0	365.7
Noncurrent assets of discontinued operations	3.7	—
Total Assets	\$ 6,898.5	\$ 6,247.8
Liabilities and Stockholders' Equity		
Accounts payable	\$ 471.8	\$ 499.9
Accrued liabilities	310.9	330.5
Deferred income taxes	3.5	24.0
Short-term debt and current portion of long-term debt	419.9	17.1
Current liabilities of discontinued operations	4.9	—
Total Current Liabilities	1,211.0	871.5
Long-term debt	1,527.4	1,463.0
Accrued postretirement benefits	442.4	495.2
Pension liabilities	368.2	721.1
Deferred income taxes	206.6	—
Other long-term liabilities	148.2	109.9
Total Liabilities	3,903.8	3,660.7
Equity:		
ATI Stockholders' Equity:		
Preferred stock, par value \$0.10: authorized-50,000,000 shares; issued-none		
Common stock, par value \$0.10: authorized-500,000,000 shares; issued-109,695,171 shares at December 31, 2013 and 2012; outstanding-107,983,360 shares at December 31, 2013 and 107,398,963 shares at December 31, 2012	11.0	11.0
Additional paid-in capital	1,185.9	1,181.7
Retained earnings	2,490.1	2,427.6
Treasury stock: 1,711,811 shares at December 31, 2013 and 2,296,208 shares at December 31, 2012	(79.6)	(111.3)
Accumulated other comprehensive loss, net of tax	(713.2)	(1,029.4)
Total ATI Stockholders' Equity	2,894.2	2,479.6
Noncontrolling Interests	100.5	107.5
Total Stockholders' Equity	2,994.7	2,587.1
Total Liabilities and Stockholders' Equity	\$ 6,898.5	\$ 6,247.8

The accompanying notes are an integral part of these statements.

Allegheny Technologies Incorporated and Subsidiaries
Consolidated Statements of Cash Flows

(In millions)

For the Years Ended December 31,	2013	2012	2011
Operating Activities:			
Net income	\$ 161.6	\$ 167.8	\$ 223.1
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	189.9	194.0	174.4
Deferred taxes	70.1	(19.4)	52.7
Non-cash restructuring costs	72.7	13.0	—
Gain on sale of business	(428.3)	—	—
Change in operating assets and liabilities:			
Retirement benefits	70.6	58.9	19.6
Accounts receivable	41.1	95.8	(78.8)
Inventories	146.6	(152.3)	(227.3)
Accounts payable	(7.8)	9.2	50.0
Accrued income taxes	(25.5)	9.4	42.4
Accrued liabilities and other	77.4	51.1	40.7
Cash provided by operating activities	368.4	427.5	296.8
Investing Activities:			
Purchases of property, plant and equipment	(612.7)	(382.0)	(278.2)
Proceeds from sale of business, net of transaction costs	600.9	—	—
Purchases of businesses and investments in ventures	—	—	(349.2)
Asset disposals and other	0.8	3.3	2.7
Cash used in investing activities	(11.0)	(378.7)	(624.7)
Financing Activities:			
Issuances of long-term debt	500.0	—	500.0
Payments on long-term debt and capital leases	(17.1)	(16.7)	(143.8)
Net borrowings (repayments) under credit facilities	(14.4)	(10.4)	(3.1)
Debt issuance costs	(5.2)	—	(5.0)
Dividends paid to shareholders	(76.9)	(76.5)	(74.7)
Dividends paid to noncontrolling interests	(18.0)	—	(7.2)
Shares repurchased for income tax withholding on share-based compensation	(6.6)	(23.4)	(2.2)
Taxes on share-based compensation	2.6	—	10.8
Exercises of stock options and other	0.4	2.2	1.4
Cash provided by (used in) financing activities	364.8	(124.8)	276.2
Increase (decrease) in cash and cash equivalents	722.2	(76.0)	(51.7)
Cash and cash equivalents at beginning of year	304.6	380.6	432.3
Cash and cash equivalents at end of year	\$ 1,026.8	\$ 304.6	\$ 380.6

Amounts presented on the Consolidated Statements of Cash Flows may not agree to the corresponding changes in balance sheet items due to the accounting for purchases and sales of businesses and the effects of foreign currency translation.

The accompanying notes are an integral part of these statements.

Allegheny Technologies Incorporated and Subsidiaries
Statements of Changes in Consolidated Equity

	ATI Stockholders						
	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interests	Total Equity
<i>(In millions, except per share amounts)</i>							
Balance, December 31, 2010	\$ 10.2	\$ 658.9	\$ 2,224.8	\$ (188.0)	\$ (665.1)	\$ 88.6	\$ 2,129.4
Net income	—	—	214.3	—	—	8.8	\$ 223.1
Other comprehensive income (loss)	—	—	—	—	(276.5)	5.8	\$ (270.7)
Issuance of common stock	0.8	512.8	—	—	—	—	\$ 513.6
Cash dividends on common stock (\$0.72 per share)	—	—	(74.7)	—	—	—	\$ (74.7)
Noncontrolling interest acquired	—	—	—	—	—	0.7	\$ 0.7
Purchase of subsidiary shares from noncontrolling interest	—	0.2	—	—	—	(0.4)	\$ (0.2)
Dividends paid to noncontrolling interest	—	—	—	—	—	(7.2)	\$ (7.2)
Employee stock plans	—	35.2	(2.9)	25.3	—	—	\$ 57.6
Balance, December 31, 2011	\$ 11.0	\$ 1,207.1	\$ 2,361.5	\$ (162.7)	\$ (941.6)	\$ 96.3	\$ 2,571.6
Net income	—	—	158.4	—	—	9.4	\$ 167.8
Other comprehensive income (loss)	—	—	—	—	(87.8)	1.9	\$ (85.9)
Cash dividends on common stock (\$0.72 per share)	—	—	(76.5)	—	—	—	\$ (76.5)
Purchase of subsidiary shares from noncontrolling interest	—	—	—	—	—	(0.1)	\$ (0.1)
Employee stock plans	—	(25.4)	(15.8)	51.4	—	—	\$ 10.2
Balance, December 31, 2012	\$ 11.0	\$ 1,181.7	\$ 2,427.6	\$ (111.3)	\$ (1,029.4)	\$ 107.5	\$ 2,587.1
Net income	—	—	154.0	—	—	7.6	\$ 161.6
Other comprehensive income	—	—	—	—	316.2	3.4	\$ 319.6
Cash dividends on common stock (\$0.72 per share)	—	—	(76.9)	—	—	—	\$ (76.9)
Dividends paid to noncontrolling interest	—	—	—	—	—	(18.0)	\$ (18.0)
Employee stock plans	—	4.2	(14.6)	31.7	—	—	\$ 21.3
Balance, December 31, 2013	\$ 11.0	\$ 1,185.9	\$ 2,490.1	\$ (79.6)	\$ (713.2)	\$ 100.5	\$ 2,994.7

The accompanying notes are an integral part of these statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALLEGHENY TECHNOLOGIES INCORPORATED

Date: February 27, 2014

By /s/ Richard J. Harshman
Richard J. Harshman
Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and as of the 27th day of February, 2014.

<u>/s/ Richard J. Harshman</u> Richard J. Harshman <i>Chairman, President and Chief Executive Officer and Director</i>	<u>/s/ Patrick J. DeCourcy</u> Patrick J. DeCourcy <i>Senior Vice President, Finance and Chief Financial Officer</i> <i>(Principal Financial Officer)</i>
	<u>/s/ Karl D. Schwartz</u> Karl D. Schwartz <i>Controller and Chief Accounting Officer</i> <i>(Principal Accounting Officer)</i>
<u>/s/ Carolyn Corvi</u> Carolyn Corvi <i>Director</i>	<u>/s/ Michael J. Joyce</u> Michael J. Joyce <i>Director</i>
<u>/s/ Diane C. Creel</u> Diane C. Creel <i>Director</i>	<u>/s/ John R. Pipski</u> John R. Pipski <i>Director</i>
<u>/s/ James C. Diggs</u> James C. Diggs <i>Director</i>	<u>/s/ James E. Rohr</u> James E. Rohr <i>Director</i>
<u>/s/ J. Brett Harvey</u> J. Brett Harvey <i>Director</i>	<u>/s/ Louis J. Thomas</u> Louis J. Thomas <i>Director</i>
<u>/s/ Barbara S. Jeremiah</u> Barbara S. Jeremiah <i>Director</i>	<u>/s/ John D. Turner</u> John D. Turner <i>Director</i>